

2016 Regular Session

HOUSE BILL NO. 1127

BY REPRESENTATIVE HOWARD

MOTOR VEHICLES: Provides relative to requirements of auto title companies

1 AN ACT

2 To amend and reenact R.S. 32:735(C) and (D) and 736(A) and LAC 55:III.1507(A) and
3 1509(A) to enact R.S. 32:739 and 740, relative to auto title companies; to provide
4 relative to contracts between the Department of Public Safety and Corrections, office
5 of motor vehicles, and auto title companies; to provide relative to fees charged to
6 auto title companies; to provide relative to the surety bond required of auto title
7 companies; to require license plates be made available to auto title companies; to
8 require for payment of such license plates and reimbursement of such payment; to
9 require auto title companies to undertake certain actions to amend administrative
10 rules of the Department of Public Safety and Corrections, office of motor vehicles,
11 relating to contracts between the Department of Public Safety and Corrections, office
12 of motor vehicles, and auto title companies; to extend contracts of auto title
13 companies; and to provide for related matters.

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 32:735(C) and (D) and 736(A) are hereby amended and reenacted
16 and R.S. 32:739 and 740 are hereby enacted to read as follows:

17 §735. Auto title companies; licensing; regulation; fees, suspension, and revocation;
18 domicile; surety bonds; expiration and renewal dates

19 * * *

20 C. ~~An annual~~ A biannual fee of ~~two hundred dollars~~ four hundred dollars

21 shall be collected from a person seeking to contract with the department prior to the

1 person commencing to act as an auto title company as provided in this Section. The
2 contract and bond shall be valid for additional locations when such locations are
3 under the same ownership, management, and control as that of the authorized auto
4 title company. However, for the initial contract request and for each subsequent
5 contract request, the auto title company shall pay an additional ~~fifty dollars~~ one
6 hundred dollars for each additional location.

7 D. Every contract between the department and an authorized auto title
8 company, authorized by this Section shall expire as of the first day of June two years
9 following the year in which such license was issued and may be automatically
10 renewed by the Department of Public Safety, office of motor vehicles. ~~The~~
11 ~~department may provide that contracts may be subject to automatic renewal by rule.~~

12 * * *

13 §736. Surety bond required; amount and conditions of surety bond; filing of bond

14 A. Each auto title company shall execute a good and sufficient surety bond
15 with a surety company qualified to do business in Louisiana as surety, in the sum of
16 ~~ten thousand dollars~~ one hundred thousand dollars should the auto title company
17 have only one location in this state and in a sum of one hundred twenty-five
18 thousand dollars should the auto title company have more than one location in this
19 state, if such surety bond is available for purchase. Such bond shall name the
20 Department of Public Safety and Corrections, office of motor vehicles as obligee and
21 shall be subject to the condition that, if the auto title company shall, throughout the
22 entire term of the bond, timely file with the office of motor vehicles all applications
23 delivered to the auto title company for filing, and timely remit all fees and taxes
24 collected, the obligation shall be void. If the company fails to meet the conditions
25 of the bond, the obligation of the surety shall remain in full force and effect. ~~An auto~~
26 ~~title company having multiple locations need furnish only a single twenty thousand~~
27 ~~dollar surety bond.~~

28 * * *

29 §739. Auto title companies; license plate availability

1 License plates shall be made available to each auto title company in
2 increments of no less than ten. Auto title companies shall advance the costs of
3 production for the license plates prior to the receipt of the license plates. The
4 Department of Public Safety and Corrections, office of motor vehicles, shall fully
5 reimburse the auto title company for the cost of the production of the plate when the
6 plate is issued pursuant to any registration transaction performed by the auto title
7 company. The Department of Public Safety and Corrections, office of motor
8 vehicles, shall determine the method by which the auto title company receives the
9 reimbursement.

10 §740. Auto title companies; required actions

11 A. Auto title companies shall submit to the Department of Public Safety and
12 Corrections, office of motor vehicles, images of documents required to be retained
13 in the official document image repository of the Department of Public Safety and
14 Corrections, office of motor vehicles. The Department of Public Safety and
15 Corrections, office of motor vehicles, shall determine the manner in which auto title
16 companies shall be required to submit these images.

17 B. Notwithstanding any requirements of R.S. 47:505(B) to the contrary, all
18 auto title companies shall submit electronic notification to the Department of Public
19 Safety and Corrections, office of motor vehicles, of the removal and destruction of
20 license plates when such submission is undertaken on behalf of a dealer licensed
21 pursuant to Chapter 4-C or Chapter 6 of Title 32 of the Louisiana Revised Statutes
22 of 1950. The Department of Public Safety and Corrections, office of motor
23 vehicles, shall determine the manner in which auto title companies shall be required
24 to electronically submit this information.

25 Section 2. LAC 55:III.1507(A) and 1509(A) are hereby amended and reenacted to
26 read as follows:

27 §1507. Application Fee

28 A. The applicant shall pay ~~an annual~~ a biannual license fee of ~~\$200~~ \$400 for
29 one business location. ~~An annual~~ A biannual fee of ~~\$50~~ \$100 will be required for

1 each additional business location. The license fee shall be paid by cash, money order,
2 or check, made payable to the Department of Public Safety and Corrections. If
3 payment is made with a check, the check must be written on an account in the same
4 name as the business name.

5 * * *

6 §1509. Renewal Application

7 A. Every license issued shall expire on the first day of June two years
8 following the year in which such license was issued. The license shall be renewed
9 annually at least 60 days in advance of the expiration date of the license by
10 submitting to the Office of Motor Vehicles an application for renewal, together with
11 the license renewal fee and the surety bond continuation certificate for the renewal
12 period.

13 Section 3. An auto title agent with an existing contract with the Department of
14 Public Safety and Corrections, office of motor vehicles, as of the effective date of this Act,
15 shall not be required to obtain a surety bond in the amounts required by R.S. 32:736(A) as
16 amended by this Act until the renewal date of the contract. Thereafter, all auto title
17 companies shall be required to obtain surety bonds in the amounts required by the provisions
18 of R.S. 32:736(A) as amended by this Act.

19 Section 4. A contract between an auto title company and the Department of Public
20 Safety and Corrections, office of motor vehicles, executed in 2016 but prior to the effective
21 date of this Act shall be extended for one year without need for amendment of the contract
22 upon payment by the auto title company of a two hundred dollar fee for the company and
23 a fifty dollar fee for each additional auto title company location.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 1127 Original

2016 Regular Session

Howard

Abstract: Relative to auto title companies; increases the contract duration and surety requirements and provides for additional requirements for documentation given to the Dept. of Public Safety and Corrections, office of motor vehicles.

Present law and present regulation require an annual fee of \$200 for such contracts with an additional annual fee of \$50 for each additional location. Proposed law and proposed regulation change the fee for each contract to \$400 biannually and \$100 for each additional location.

Present law and present regulation provide for annual contracts. Proposed law and proposed regulation provide for two-year contracts.

Present law requires each auto title company to execute a \$10,000 surety bond for one location and a \$20,000 surety bond for multiple locations. Proposed law requires a \$100,000 surety bond for only one location and a \$125,000 surety bond for multiple locations.

Proposed law requires that license plates be made available to each auto title company payment in advance of the costs of production of the plates. Provides for repayment of the advance by the office of motor vehicles upon issuance of the plate pursuant to a registration transaction.

Proposed law requires auto title companies to submit to the office of motor vehicles images of documents required to be kept in the document image repository. Further requires auto title companies to submit electronic notification to the office of motor vehicles when a license plate has been removed and destroyed.

Proposed law exempts auto title companies under contract on the effective date of the Act from the increased surety amounts until their contract renewal date. Proposed law extends contracts executed prior to the effective date of the Act for one additional year without need for amendment to the contract upon payment of the required \$200 fee plus an additional \$50 fee for each additional location.

(Amends R.S. 32:735(C) and (D), and 736(A) and LAC 55:III.1507(A) and 1509(A); Adds R.S. 32:739 and 740)